

**ARIZONA STATE LAND DEPARTMENT  
1616 WEST ADAMS STREET  
PHOENIX, ARIZONA 85007**

**PUBLIC AUCTION LEASE NO. 03-119745  
99 YEAR COMMERCIAL LEASE**

Pursuant to A.R.S. Title 37, notice is hereby given that the state of Arizona, through its Arizona State Land Department (herein called ASLD), will sell at Public Auction to the highest and best bidder at 1:00 p.m. on Tuesday, December 18, 2018, at the northeast corner of the Pima County Superior Court, 110 West Congress Street, Tucson, Arizona, a 99-year Ground Lease on trust lands situated in Pima County to wit:

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**TOWNSHIP 17 SOUTH, RANGE 13 EAST, G&SRM, PIMA COUNTY, ARIZONA**

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PARCEL: M&B THRU NE, SECTION 36, CONTAINING 72.13 ACRES, MORE OR LESS.

LOCATION: SOUTH OF NOGALES HIGHWAY AND EAST OF I-19, SAHUARITA,  
ARIZONA

**BENEFICIARY: PERMANENT COMMON SCHOOLS**

**PROPERTY INFORMATION:**

(A) The complete legal description of Ground Lease No. 03-119745-99 (the "Lease Parcel") is available in its respective file.

(B) For additional terms and conditions regarding annual rent and other obligations of the Lessee under the Lease, prospective bidders are advised to examine the lease document, as well as all pertinent files of ASLD.

(C) The Lease Parcel has been appraised at \$272,363.00 ("Appraised Value").

(D) There are no reimbursable improvements on the Lease Parcel.

(E) The complete file associated with the above-described Lease Parcel is open to public inspection at the ASLD, 1616 West Adams Street, Phoenix, Arizona, from 8:00 a.m. to 4:30 p.m., exclusive of holidays and weekends. Please direct any questions regarding this Public Auction to the Real Estate Division of ASLD at (602) 542-3000. This auction notice is available on the ASLD's web site at [www.azland.gov](http://www.azland.gov).

**BIDDING INFORMATION:**

(A) Prior to the date of auction, a prospective bidder shall perform his/her own due diligence including, without limitation, researching the records of local jurisdictions, all ASLD files pertinent to the auction and the Lease Parcel, including, without limitation, ASLD File No. 03-119745, and files of all other public agencies regarding the Lease Parcel.

(B) Prior to the start of bidding, a prospective bidder shall sign an affidavit agreeing that: they have undertaken due diligence in preparation for the auction; they are purchasing the Lease Parcel solely upon the basis of their own due diligence and investigation of the Lease Parcel and not on the basis of any representation, express or implied, written or oral, made by ASLD or its agents or

employees, except as set forth in writing herein; their representative is authorized to bid and bind the bidder; and they are purchasing the Lease Parcel AS IS.

(C) Prior to the start of bidding, a prospective bidder must show ASLD's representative a **Cashier's Check** made payable to "Arizona State Land Department" in the amount specified under Terms of Sale Paragraph (G) below. The amount of Cashier's Check shall be \$268,254.59.

(D) A prospective bidder who has complied with Paragraphs (A) through (C) above shall be deemed a "Registered Bidder" and may bid at the auction. ASLD shall only consider bids by Registered Bidders.

(E) The bidding will begin at the Appraised Value of \$272,363.00. A bid for less than the Appraised Value of the Lease Parcel will not be considered. Additional bidding will be on a bonus bid basis and must be made in minimum increments of \$10,000.00. There is no existing lessee with a preferred right under A.R.S. §37-335(C) to match the final bid received by the Commissioner. Bidding will be conducted orally.

(F) The time of sale shall be deemed to be the time of declaration of the highest and best bid (the "Time of Sale"). A Registered Bidder whose bid is declared the highest and best bid shall be deemed the "Successful Bidder". The amount of the highest and best bid shall be deemed the "Sale Price".

(G) To comply with A.R.S. § 37-240(B), ASLD shall require that the Successful Bidder must be authorized to transact business in the State of Arizona no later than ten (10) business days after the date of the auction.

(H) Pursuant to A.R.S. § 37-241(C), in the event of forfeiture by the Successful Bidder, the ASLD Commissioner may declare that the bid placed before the final bid accepted is the highest bid, and that bidder has five (5) days after notification by ASLD to pay by cashier's check all amounts due under Terms of Sale Paragraph (G) below.

(I) Persons with a disability may request a reasonable accommodation such as a sign language interpreter, by contacting the ADA Coordinator, at (602) 542-2629. Requests should be made as early as possible to allow time to arrange the accommodation.

#### **SELECTED LEASE CONDITIONS:**

(A) The use(s) allowed under the Lease are: Water recharge basins and supporting facilities for recharging CAP water, two (2) monitor wells, two (2) piezometer wells; and public park purposes to the extent not inconsistent with the recharge basin and well uses.

The commencement date of the Lease shall be the date of the public auction.

The land will be developed in accordance with applicable zoning ordinances and stipulations.

(B) The rent for the Lease has been established as Base Rent, which equals a percentage of the Appraised Land Value. The Base Rent for Lease Year One is ninety percent (90%) of the Appraised Land Value. The remaining ten percent (10%) of the Appraised Land Value will be due every five (5) years after the auction date, in nineteen (19) equal installments, as follows:

Lease Year One:	90% of Appraised Land Value
Lease Year Six:	0.5263158% of Appraised Land Value

Lease Year Eleven:	0.5263158% of Appraised Land Value
Lease Year Sixteen:	0.5263158% of Appraised Land Value
Lease Year Twenty-One:	0.5263158% of Appraised Land Value
Lease Year Twenty-Six:	0.5263158% of Appraised Land Value
Lease Year Thirty-One:	0.5263158% of Appraised Land Value
Lease Year Thirty-Six:	0.5263158% of Appraised Land Value
Lease Year Forty-One:	0.5263158% of Appraised Land Value
Lease Year Forty-Six:	0.5263158% of Appraised Land Value
Lease Year Fifty-One:	0.5263158% of Appraised Land Value
Lease Year Fifty-Six:	0.5263158% of Appraised Land Value
Lease Year Sixty-One:	0.5263158% of Appraised Land Value
Lease Year Sixty-Six:	0.5263158% of Appraised Land Value
Lease Year Seventy-One:	0.5263158% of Appraised Land Value
Lease Year Seventy-Six:	0.5263158% of Appraised Land Value
Lease Year Eighty-One:	0.5263158% of Appraised Land Value
Lease Year Eighty-Six:	0.5263158% of Appraised Land Value
Lease Year Ninety-One:	0.5263158% of Appraised Land Value
Lease Year Ninety-Six:	0.5263158% of Appraised Land Value

The 19 equal installments shall include an increase by the United States Consumer Price Index for all Urban Consumers (CPI-U), as defined in the Lease.

(C) The Successful Bidder agrees to pay ASLD a minimum royalty of \$0.90 per cubic yard for mineral materials, subject to annual adjustment and maximum removal limitations, all as specified in paragraph 4.2 of the Lease.

#### **TERMS OF SALE:**

(A) The Lease Parcel shall be purchased in an "AS-IS" condition "WITH ALL FAULTS", with no representation or warranty being made by ASLD of any type or nature. ASLD makes no warranty as to the following: (a) the physical condition or any other aspect of the Lease Parcel, including, but not limited to, the uses to which the Lease Parcel may be put, the ability to construct additional improvements or modify existing improvements on any portion of the Lease Parcel or the ability to obtain building permits for any portion of the Lease Parcel, the conformity of the Lease Parcel to past, current or future applicable landscaping, parking, zoning or building code requirements, the existence of soil instability, past soil repairs, soil additions or conditions of soil fill, susceptibility to landslides, sufficiency of undershoring, water retention characteristics of the Lease Parcel, drainage onto or off of the Lease Parcel, the location of the Lease Parcel either wholly or partially in a flood plain or a flood hazard boundary or similar area, or any other matter affecting the stability or integrity of the Lease Parcel or any improvements constituting the Lease Parcel; or (b) the sufficiency of the Lease Parcel for purchaser's purposes or as to its continued operating conditions or usefulness. All implied warranties, including, without limitation, **WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE**, are hereby expressly disclaimed.

(B) The Lease shall contain the following provision: "Lessee is aware that, regardless of the amount of time and resources Lessor, its employees and its agents (collectively referred to in the singular for purposes of this Paragraph as "Lessor") have spent planning for the development of the Lease Parcel, Lessor does not warrant, represent or guarantee either the quality of its work or the successful development of the Lease Parcel or other parcels of land in the vicinity, nor does Lessor warrant, represent or guarantee that government entities with jurisdiction over the Lease Parcel, or utilities which serve the Lease Parcel, will act in a manner that will result in the

successful development of the Lease Parcel or other parcels of land in the vicinity. Lessee recognizes the inherent risks associated with the lease and development of real property, accepts full responsibility for all risks related to the development of the Lease Parcel, releases Lessor from liability for claims related to Lessee's problems with developing the Lease Parcel, and agrees to indemnify and hold Lessor harmless for, from and against any claims or liability relating to the development of the Lease Parcel. Lessee assumes full responsibility for investigating the suitability of the Lease Parcel for development in the manner intended by Lessee. If the development of the Lease Parcel will be contingent upon the cooperation, good faith, skill and/or financial status of third parties, such as government entities, other developers, etc., Lessee assumes all risk that those third parties will act in a manner satisfactory to Lessee. Lessee agrees that, regardless of any express or implied representations to the contrary by any person or entity, the subject property is being leased "As Is" as raw land, and subject to the doctrine of caveat emptor. Lessor makes no express or implied warranties as to the physical condition of the Lease Parcel. Furthermore, Lessee leases the Lease Parcel subject to all taxes and assessments; all covenants, conditions, restrictions, servitudes, reservations, easements, declarations or other matters of record or on file, whether with the State of Arizona, or the county and city in which the Lease Parcel is located; any and all matters which a survey or physical inspection of the Lease Parcel would reveal, zoning and other restrictions, prohibitions, regulations and requirements imposed by any governmental authorities, statutes, laws, rules and regulations."

(C) The Lease Parcel is leased subject to existing reservations, easements and rights of way. The state of Arizona, through its ASLD, retains ownership in trust lands.

(D) ASLD does not represent or warrant that access exists over lands which may intervene respectively between the Lease Parcel and the nearest public roadway.

(E) Pursuant to A.R.S. § 37-231, the State of Arizona or its predecessor in title, reserve and retain all rights and all forms of access to all oil, gas, minerals, hydrocarbon substances and gaseous substances or any other material which is essential to the production of fissionable materials as provided by the rules and regulations of ASLD and the laws of Arizona.

(F) Immediately following the Time of Sale, the Successful Bidder must sign an affidavit which states without limitation that he/she is the Successful Bidder and the amount of the Sale Price.

(G) Immediately following the Time of Sale, the Successful Bidder shall pay the following to ASLD by a cashier's check:

- 1) The first year's rental in the amount of \$245,126.70;
- 2) A Selling and Administrative Fee of 3% of the cumulative Base Rents, which is \$8,127.89 (not including any bonus bid);
- 3) Estimated Legal Advertising Costs of \$5,000.00; and
- 4) Reimbursable Appraisal Fee to ASLD which is \$10,000.00.

The total amount due at the Time of Sale is \$268,254.59.

(H) For purposes of calculating the amount of the Selling and Administrative Fee, any bonus bid amount shall be included in the computation of the cumulative Base Rents.

(I) The Successful Bidder will have until 5:00 p.m. of the fifth business day following the date of the auction to deposit with ASLD a cashier's check for the following:

- 1) Any additional Base Rent for Lease Year One, which equals the amount, if any, by which 90% of the final amount bid exceeds the amount set forth in (G)(1) above; and

(2) The amount of the additional Selling and Administrative Fee (3% of the cumulative Base Rents based upon the final amount bid), less the amount paid under (G)(2) above.

Failure to deposit the additional Base Rent for Lease Year One plus the additional Selling and Administration Fee by the fifth business day following the auction shall result in forfeiture of all amounts paid at the time of auction by the Successful Bidder.

(J) Within 30 days after the auction date the Successful Bidder shall be required to pay the actual legal advertising cost, less the amount paid under (G)(3) above.

(K) If the Successful Bidder fails to complete all payments as stated in this auction notice, the Successful Bidder shall forfeit all amounts paid, which amounts shall be deemed rent for the Lease Parcel pursuant to A.R.S. § 37-241(C)(1).

**ADDITIONAL CONDITION(S):**

(A) Within thirty-five (35) days after the auction date, the ASLD and the Community Water Company of Green Valley ROW Trust ("CWCT") agree to mutually terminate the 10-year right of way currently in existence on the subject property, ASLD Right of Way No. 18-118320.

(B) All bidders are hereby notified that there may be Register Eligible Site or Sites located within the Lease Parcel, which could include information significant in this state's history, architecture, archaeology, or culture and may meet eligibility criteria, which the Arizona State Parks Board has established for listing on the Arizona Register of Historic Places, or which meet eligibility criteria for listing on the National Register of Historic Places. If ground-disturbing activities will or may impact one or more Register Eligible Site or Sites, purchaser shall consult with the State Historic Preservation Office and otherwise take such actions as are necessary to avoid, preserve, protect, or mitigate impacts on the Register Eligible Site or Sites. In the event that avoidance, preservation and protection of the Register Eligible Site or Sites cannot be accomplished, purchaser shall ensure a Data Recovery Plan is developed in consultation with and acceptable to, the Arizona State Museum and the State Historic Preservation Office, or their successor agencies, and the Data Recovery is implemented and completed prior to the Register Eligible Site or Sites being affected. The artifacts and records recovered from the Lease Parcel shall be curated according to the Arizona State Museum (ASM) Conservation and Curation Standards as established in rules implementing the Arizona Antiquities Act. These conditions shall run with the land, and be binding on the purchaser's heirs, successors, and assigns.

**GENERAL INFORMATION:**

ASLD may cancel this auction in whole or in part at any time prior to the acceptance of a final bid.

A protest to this sale must be filed within 30 days after the first day of publication of this announcement and in accordance with A.R.S. § 37-301.

Information regarding this auction may be obtained from ASLD as follows:

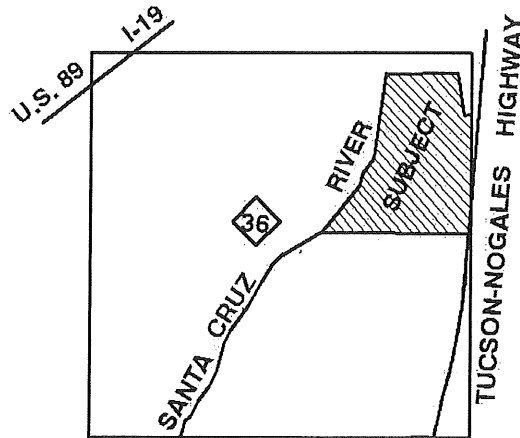
**FOR LEASE INFORMATION CONTACT:**

Raymond E. Moore  
Sales & Commercial Leasing Administrator  
Real Estate Division  
1616 West Adams Street  
Phoenix, AZ 85007  
(602) 542-3000

Raymond E. Moore  
Raymond E. Moore  
(for) Lisa A. Atkins  
State Land Commissioner



9/27/2018  
Date



**Disclaimer:** This map is designed for general overview purposes only. Unless otherwise stated all depictions are approximate. Prospective bidders should review all information in ASLD's records relating to the property and seek technical or legal advice as needed to assure the understanding of all legal descriptions, plat maps, surveys, and other documents relevant to the Lease Parcel. Contact ASLD, Real Estate Division at (602) 542-3000 for additional information.